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POLICY MEMORANDUM

Procedures for Casino Closures and Changeovers

The Board has received several inquiries from Nevada casinos concerning required procedures for ownership changeovers and closures. As a result, we have compiled a list of procedures. These procedures are recommended and are not intended to be all encompassing. Other steps may be necessary and should be determined on an individual basis. Note that it is mandatory that the new owner(s) be licensed prior to the changeover and the new owners not be involved in managing the operations prior to licensure unless approved by the Nevada Gaming Commission pursuant to Regulation 8.060.

A changeover/closure plan should be established and forwarded to the Enforcement Division. An additional copy should be provided to the Audit Division if the affected property is a Group I licensee, or to the Tax and License Division if a Group II licensee. The plan should be submitted at least seven days before the changeover occurs and the following items should be addressed, if applicable:

1. A schedule for certain procedures (i.e., droppingoppers; counting of booths, cage, and vault; closure of tables, etc.), along with an indication of the party responsible for performing each step. Drops/counts should generally be scheduled immediately after the doors have closed, if possible, and specific times should be provided. The timing of any change in the ownership of specific assets should be noted. For example, when closing a slot booth, the plan should indicate what time the funds in the booth will be counted, what assets are being sold to the new licensee and the disposition of items in the booth that will not become the property of the new licensee. Gaming Control Board Agents may be present to observe some or all of these procedures.
2. Plans for security over pit funds during changeover/closure.
3. Chip and token inventories are to be verified. The plan should discuss the procedures for the redemption of chips and tokens, and for their eventual destruction pursuant to Regulation 12.070, if applicable.

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4. Plans for disposition of any progressive amounts. Some plans will require Board approval. Separate correspondence seeking approval pursuant to Regulation 5.110 (5) and (7) should be sent as far as possible in advance of the closure.
5. The intended procedures for turning in the gaming license.
6. Information regarding the disposition of collectible credit instruments. The following options are available pursuant to NRS 463.3857 and Regulation 6.125:
 - a. Sale of outstanding credit instruments to the new owner/licensee. With this option, specifics regarding the subsequent receipt of patron payments will need to be addressed.
 - b. Retention of outstanding credit instruments by former licensee. With this option, a cash deposit or acceptable security deposit must be posted with the Board for the estimated taxes on the collectible value of outstanding markers. This estimate will be verified during the final audit of the property.
 - c. Inclusion of the entire outstanding balance of collectible credit instruments as of the date of closure/changeover in the final gaming tax return.
7. Plans for the expected date of final audit and compliance work to be performed by CPAs.
8. At least 60 days prior to ceasing operations, submission of a Regulation 5.115(12) plan to address the satisfaction of those periodic payments being made by the licensee to its patrons.
9. For those licensees with a race book and/or a sports pool, submission of a plan for honoring future bets and the payment of unpaid winning tickets. Additionally, if the licensee has a Regulation 22.040 reserve, a request for the release of the reserve should be submitted.

A final audit will typically commence within 30 days of the changeover/closure **or as staffing permits**. As such, provisions should be made for a working space for auditors, the availability of required documentation, and the name and business address of the person to contact to facilitate the completion of audit procedures. NRS 463.140(3) requires that all records be maintained for one year after cessation of gaming.

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Any questions regarding closure or changeover procedures may be directed to the Board's Audit, Tax and License or Enforcement Divisions.

Sincerely,

Dennis K. Neilander
Board Member

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